



A FUTURE IN MOTION

Adding a Social Ecology Component
to the Due Diligence Process

BY KEVIN PREISTER AND JIM KENT



Recent years have witnessed a rapid increase in the social risk associated with infrastructure and energy projects. Events over the last 30 years have shifted the ground dramatically for resource development companies as Geographic Democracy (i.e. people owning their physical environment) has become a global trend. Citizens are simply not tolerating uninvited intrusions into their environment and they effectively self-organize to protect themselves and their communities from those intrusions. This trend is now a reality. The industry's failure to recognize the impact of this trend has led to greater citizen resistance, increased costs and failed projects.

A study conducted by the U.S. Chamber of Commerce in 2018 called "Infrastructure Lost: Why America Cannot Afford to 'Keep it in the Ground,'" examined 15 energy infrastructure projects which were stopped, delayed or cancelled because of citizen resistance. The study documented:

- The costs of projects lost (\$57.9 billion)
- Gross domestic product lost (\$91.9 billion)
- Lost tax revenue to local and state governments (\$20.3 billion)

The Keystone XL and the Dakota Access Pipeline, for better or worse, created a watershed moment for the industry. These two projects are clear examples of how issues related to infrastructure projects have shifted to the national and international level. A more recent example of project abandonment includes the Atlantic Coast Pipeline—an \$8 billion investment. In these three projects the issues at the local level were never addressed, which allowed outside influential groups who were *not* affected by the project to hijack the decision-making process.



The timeline to disruption today is much shorter—from 4-5 years to 3-4 months or less. Moreover, project build out timelines have had to expand from 2-3 years to 8-15 years. Re-tooling is called for.

Re-tooling the Project Development Process

To ensure project success in today’s decision-making environment, it will be necessary to re-tool the project development process by including citizen engagement as part of a company’s due diligence efforts. The presence of due diligence via a Social Ecology process ensures that:

- Internal corporate capabilities are boosted that push down costs by gaining an understanding of factors that drive local resistance to new infrastructure projects.
- Companies are positioned to act fast to respond to emerging issues that can save the project significant time and money by keeping schedules and budgets on track.
- Leveraging today’s proven best practices will expedite approval processes and cut red tape.

A New Reality

In the U.S., the COVID-19 Pandemic has created high levels of energy and social capital among citizens worldwide. As people in the grassroots have mobilized to address the pandemic challenges, their efforts have created fresh energy for tackling survival problems at local levels. This focus on taking care of each other has created a new force of individuals that own their communities and these should be the same individuals that projects will be or are engaging. All of this means a fresh opening for companies to work with these newly-empowered people by dealing with them in a non-polarized manner.

Replacing the top down, public relations approach that generated negative citizen reaction and attitudes to projects (yesterday’s failed techniques) with a bottom up approach (the future process) is now mandatory for the industry to survive. Rather than the “reaction culture” of responding to citizen resistance

to infrastructure projects, companies now have the opportunity to be on the positive side of society if they are willing to “learn community first.” This action allows for discovering how specific communities function and how to work within their existing cultural system. This is the key to understanding how the project can fit in a positive manner within the community. Fitting in non-obtrusively allows for integrating with the caretaking systems now in place because of the pandemic. Today, the primary motivation of citizens who participate with infrastructure project reviews is to be able to predict, participate in and manage the changes created by the project. The new normal for companies is to understand that the project must enhance the well-being of impacted individuals and their neighbors. Success is achieved when the project integrates into the same process that citizens are using to take care of each other because of the pandemic.



To be effective, such an approach must become part of the “due diligence procedures” already in place within resource development companies. By adding a Social Ecology component to its due diligence efforts, companies learn early of citizen interests as well as opportunities to respond to and work with those interests in a way that mutually resolves local issues. This approach keeps the project timeline and costs under control while strengthening the community. A “moderate middle” is built with the people that is capable of forestalling opposition groups and domination by extreme voices. In this scenario, Social Ecology becomes viewed and understood internally as due diligence. The project team adds this to the cost estimate in developing its project plans.

The critical consideration here is social risk prediction and management. As companies engage in behaviors not required by law but prudent and necessary for success, such as early project planning and identifying potential resource issues, community engagement becomes essential for reducing and preventing social risk.

In short, replacing the “reactionary culture” of companies that has come to dominate infrastructure projects with a “learning culture” is essential. The goal is a company culture that is capable of early understanding of local interests and integration of those interests into project planning and implementation. This conception of due diligence adds a competitive advantage to its practitioners and allows companies to adjust to the new citizen engagement realities of the 21st Century.

The Opportunity Ahead

Resource development companies now have a distinct opportunity to change the dynamics created by new projects or address in a new manner projects that have become disruptive. The new reality is to understand how to engage in ways that match and honor the local cultures of neighborhoods and communities of impact.

When companies undertake project planning and implementation in a manner that enhances the ability of residents to predict, participate in and manage changes in their environment, they will experience more success. There is a window of opportunity now to create a new future for resource development. Let's not waste it with old and failed citizen engagement techniques of yesterday. 🌱

The ideas described here are contained in the 42 articles published in Right of Way Magazine over the last few years in a regular column entitled, “Social Ecology: The Science of Community.” The articles prompted a new training course by IRWA (Course 225: Social Ecology: Listening to Community) that has been held in over 14 locations in the U.S. and Canada. The lessons from that experience show that companies undertaking a Social Ecology due diligence approach to community engagement can expect to gain the following benefits:

- Less surprise and disruption in the process of project planning and implementation
- Strategies to reduce the effectiveness of opposition groups and extreme voices
- Lower costs and fewer delays
- A competitive advantage through successful community engagement programs that create long-term sustainability and success

(A complete reading list of the Social Ecology columns can be found at: www.jkagroup.com/publications listed under the title of IRWA Journal Articles.)



Kevin Preister, Ph.D., is Executive Director of the Center for Social Ecology and Public Policy. He is Co-developer and JKA Director for IRWA Course 225, Social Ecology: Listening to Community. Visit www.csepp.us or email kpreister@jkagroup.com.



Jim Kent has been crafting empowered collaborations among corporations, communities and governments for more than 30 years. He is President of JKA Group and co-developer of IRWA Course 225, Social Ecology: Listening to Community. Visit www.jkagroup.com or email jimkentjka@gmail.com.